

DEPARTMENT OF PERSONNEL ADMINISTRATION

OFFICE OF THE DIRECTOR

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SACRAMENTO, CA 95814-7243



March 22, 2007

The Honorable Denise Ducheny
Chair, Joint Legislative Budget Committee
State Capitol, Room 5035
Sacramento, California 95814

Re: Salary Restructuring for Statutory Officers

Wide disparity in salaries between State and local government offices has resulted in great difficulty recruiting qualified candidates for several vital State agency and department positions. Several significant director and agency level positions remain vacant and recruitment as well as retention of qualified candidates has been hindered by non-competitive salary ranges at the State level. Following legislation enacted last year to provide the Director of the Department of Personnel Administration (DPA) with the authority to adjust salaries for the State's statutory officers, DPA conducted a salary survey to identify appropriate salary ranges for critical agency and department positions. As a result of this survey, we restructured salaries for key leadership positions within the State to allow for better recruitment and retention. These adjustments will be effective April 1, 2007 and will be funded within agencies' and departments' existing budgets to nullify the financial impact to the State budget.

Pursuant to Government Code Section 19825.5, the salaries of these officers will be adjusted according to the attached schedule.

Background

Last year, AB 2936 (Ch. 240, Stats of 2006) was enacted granting DPA's Director with the authority to adjust the salary for all of the State's statutory officers. With the new law in place, we adjusted the salary for the Secretary of CDRC to allow for the recruitment of Jim Tilton; however, this was done with the understanding that other leadership positions would be studied and adjusted accordingly.

The Administration has experienced great difficulties in recruiting or retaining candidates for key positions, such as Director of the Department of Social Services, Director for the Department of Rehabilitation, and the Director of our MediCal Program. State government salaries for many positions lag far behind the salaries of their counterparts at the local level. For example, based on salaries in five regions of the State, the average salary for a county position equivalent to the Director of Developmental Services is \$189,089 while that for the county equivalent to the Director of Social Services is averaged at \$166,180. The salary for fire chiefs in the cities of Los Angeles, Sacramento, Oakland, San Francisco and San Jose average \$214,148—with the highest salary almost double the State salary for Director of the Department of Forestry and Fire.

New Salary Structure for Statutory Officers

A number of factors were considered in restructuring these salaries: the existing three-level salary structure for Agency Secretaries and Department Directors, difficulty of recruitment, compensation paid to similar positions in other public jurisdictions, the scope of responsibility of the positions—especially for those positions directly responsible for the safety and care of human lives, the need to avoid salary compaction, and other factors appropriate to the determination of compensation. The following points summarize the salaries arrived at following the study:

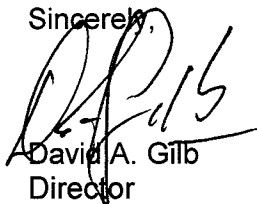
- Positions have been grouped into 4 categories: Agency Secretaries, Department Directors over Public Safety and Health, and Department Directors in Tiers 1 and 2.
- Department Directors in Tiers 1 and 2 are assigned salaries at the bottom of the ranges.
- Public Safety and Health Directors are the highest paid directors. These positions are accompanied by the highest level of responsibility to protect public health and safety, and face the most significant salary disparity with local counterparts impacting recruitment and retention.
- Incumbents in these positions will receive a maximum of a ten percent increase for purposes of retirement calculations during any year. This restriction will prevent retirement spiking and encourage incumbents to remain in their positions longer.
- These salary increases include any cost of living adjustment paid as a general salary adjustment to the State's employees in 2007.

Attachments to this letter include salary surveys completed for similar positions throughout the State and a chart showing the new salary ranges for the four levels of statutory officers, with salaries being assigned to the current incumbents.

Funding for Increases

No additional funding will be supplied for these increases. Agencies and departments have been instructed to absorb the increases with existing resources. In addition, Agency Secretaries and Department Directors must review and eliminate positions, where possible and appropriate, to offset increased costs. If you have any questions, or if you would like to meet personally to discuss these issues, please contact me at 324-0496. You may also contact Pamela Schneider, Legislative Coordinator, at (916) 327-2348.

Sincerely,



David A. Gilb
Director

Attachments